

AMENDED IN SENATE JULY 1, 2003
AMENDED IN ASSEMBLY MAY 6, 2003
AMENDED IN ASSEMBLY APRIL 23, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1215

Introduced by Assembly Member Vargas

February 21, 2003

An act to add Section 11861 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1215, as amended, Vargas. Workers' compensation: State Compensation Insurance Fund.

Existing law provides that the State Compensation Insurance Fund is to be administered for the purpose of transacting specified forms of insurance, including workers' compensation insurance.

Under existing law, insurers and their agents, while investigating suspected fraud claims, have access to all relevant public records that are required to be open for inspection.

This bill would require the State Compensation Insurance Fund, in consultation with the Employment Development Department, to develop a program that allows insurers offering workers' compensation insurance to have access to quarterly wage and withholding reports filed with the department for the purpose of confirming payroll reported to the insurer for premium calculations. *Any report provided by the department to an insurer would be required to include individual wage information, but not any employee's name, social security number, or*

date of birth. The bill would require that the program place specified restrictions on employer access to and use of this information, and would further require that the fund impose a user fee on admitted workers' compensation insurers in an amount sufficient to pay the costs of the program. This bill would also provide that an insurer that violates these provisions is subject to a civil penalty, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11861 is added to the Insurance Code,
2 to read:

3 11861. (a) The State Compensation Insurance Fund, in
4 consultation with the Employment Development Department,
5 shall develop a program that allows insurers offering workers'
6 compensation insurance to have access to quarterly wage and
7 withholding reports filed by insured employers with the
8 Employment Development Department for the purpose of
9 confirming payroll reported to the insurer for premium
10 calculations. *Any report provided by the Employment*
11 *Development Department to an insurer offering workers'*
12 *compensation insurance shall include individual wage*
13 *information, but shall not include any employee's name, social*
14 *security number, or date of birth*. The program shall require that
15 an insurer comply with each of the following requirements:

16 (1) The insurer shall use the information for the sole purpose
17 of auditing payroll and detecting workers' compensation
18 insurance fraud.

19 (2) The insurer shall not provide the information to any party
20 other than the insurer's authorized representatives.

21 (3) The insurer shall not request the information unless it has
22 received the employer's permission. Any permission that an
23 employer grants to an insurer shall be limited to the period of time
24 that the employer is insured by that insurer.

25 (b) The State Compensation Insurance Fund shall pay the costs
26 associated with the development of the program. The fund shall
27 impose a user fee, in an amount sufficient to pay the costs of the
28 program, on all workers' compensation insurers admitted in the

1 state. Payment of the user fee shall entitle an admitted workers'
2 compensation insurer to participate in the program.
3 (c) Any insurer that violates any provision of this section shall
4 be subject to a civil penalty not exceeding five thousand dollars
5 (\$5,000).

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